

November 2014 - LP3 (RRSP) Investor Update

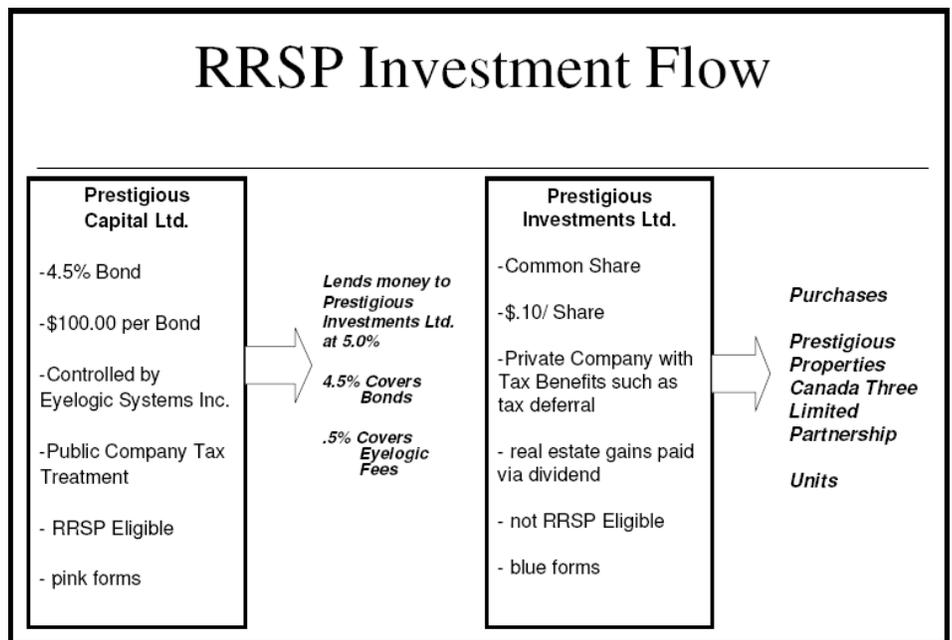
As you know from our previous update, the last major remaining asset, the 84 unit building in Camrose, AB was conditionally sold. The buyer has waived conditions last week and as such we expect this transaction to close by mid December.

LP3 owns three assets as of today:

- The large 84 unit Camrose asset - now unconditionally sold - **with approx. \$4.4M in equity.**
- Two small lots subdivided off one of the Yorkton apartment properties before the sale. We will likely sell these lots to close LP3 as the small value doesn't justify another year of holding and associated paperwork.
- Cash of approximately \$180,000

We sent you \$551.25/LP3 unit (aka 50 bonds) recently. If you have not received this, please contact us ASAP. We will then send the remaining funds of approx. \$3250/LP3 unit to Prestigious Investment Ltd. that purchased LP units on your behalf, you as soon as possible, likely in January due to Christmas and associated paperwork and taxation issues. The money will go from there to Prestigious Capital Ltd. and from there to your RRSP. This may happen in 1Q 2015, but may come later due to taxation issues usually not resolved until 2Q 2015 at the earliest.

To recall, your RRSP investment was a bond i.e. a loan to Prestigious Capital Ltd. This RRSP investment was then lent by Prestigious Capital Ltd. to Prestigious Investment Ltd. which acquired LP3 units, one LP3 unit valued at \$5000 per 50 \$100 bonds of your behalf. You also purchased shares in Prestigious Investment Ltd. to capture any potential value above the 4.5% annual interest payment. The diagram to your right from 2006 shows this RRSP investment flow.



The LP3 RRSP distribution history looks like this, taken from a typical \$50,000 investor, i.e. a person with the equivalent of 10 LP3 units i.e. 500 \$100 bonds and \$500 in shares :

Date	Item Description	Credit
22-Oct-2007	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$562.50
28-Dec-2007	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$562.50
08-Apr-2008	Dividend cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$562.50
15-Jul-2008	Dividend cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$562.50
05-Mar-2009	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$1,687.50
05-Mar-2009	Bulk Stock Sell; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$1,000.00
05-Apr-2010	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$1,653.75
15-Nov-2012	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$2,205.00
25-Apr-2014	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$2,756.25
29-Oct-2014	Interest Cash; PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$5,512.50
	Cash Balance:	

Securities Held

Type	Units	Item Description	Book Value	Price	Market Value
SECURITIES	490.0	PRESTIGIOUS CAPITAL LTD 4.5% BONDS	\$49,000.00	\$78.3300	\$38,381.70
		Total Securities:	\$49,000.00		\$38,381.70

Total LP3 Lifetime Plan Value: \$54,446.70

The distributions to RRSP investors, and thus the overall ROI, will differ somewhat from distributions to cash investor, for three reasons:

- As an investor into an LP, Prestigious Investment Ltd. has capital gains and/or business losses from earlier years to deal with. Every year we file these taxes and will do so again for 2014, in 2015. As such some money will flow your way later in 2015, possibly even 2016.
- Eyelogic took a 0.5% annual fee to make this bond RRSP eligible. The LP used to pay this annually, but as Prestigious Investment Ltd. received distributions we took this 0.5% annual fee off these distributions over the years. As such the overall return of the RRSP investment will be about 0.5% lower per year than a cash investment would have been.
- Some distributions are treated as interest and some as return of capital, reducing the number of bonds your RRSP owns. That is why you see bond redemptions from time to time.

In summary, we will wind up LP3 profitably, albeit not very profitably, as we had to hold through the biggest worldwide recession since 1929, with associated vacancies, especially in Wetaskiwin and Camrose, negative cash-flow and property upgrades that ate deeply into the cash from operations for about a good two years.

What it shows you though is that time heals all wounds if you can hold long enough to pay down the mortgage and improve revenue and thus, property values. It shows the resilience of the asset class, even in times of recessions. Holding longer would make us more money, as rents go up with recovering gas prices and newly announced expansion plans of Camrose based firms, and a low CMHC mortgage.

Unlike our two recent LPs, PRISM A and Kings Castle LP, LP3 like LP4 has no early or partial redemption options, and as such we will all exit together. We learned from this and allowed partial or early redemptions in the currently open LP, Kings Castle, as some folks even in LP3 would have loved to continue and others would prefer to get out. This option does not exist in LP3, but it does in our current apartment centric investment offering.

Detailed LP3 information is on the investor login section of the website that you can access with the login User-ID: **LP3** and password: **poplargroveestates**

As always, please feel free to call or email Scotty, Mike, Christine, Marianne or me to discuss this investment or any other in more depth.

Yours Sincerely & Successful Investing!

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PS Feel free to check out the latest news affecting your investments or our market commentaries at twitter.com/prestprop , or facebook.com/prestprop

PSS [Kings Castle LP](#) is our current LP and open for investments. Very similar to PRISM A LP in terms of target ROI, profit sharing, fees, cash-flow or DRIP, investment focus and management. Now also available with a 5% cash-flow option for RRSPs or TFSAs !

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